

1 AN ACT

2 relating to salvage motor vehicles, including flood vehicles, and
3 nonrepairable motor vehicles.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 501.091, Transportation Code, is amended
6 by adding Subdivision (4-a) to read as follows:

7 (4-a) "Flood vehicle":

8 (A) means a motor vehicle that was submerged in a
9 level of water higher than a doorsill of the vehicle or had water
10 enter the passenger, trunk, or engine compartment and:

11 (i) water came into contact with
12 mechanical, electrical, or computerized components of the vehicle;

13 (ii) because of the water, the vehicle
14 requires repair to, or replacement of, any mechanical, electrical,
15 or computerized component to operate; and

16 (iii) an insurance company paid a claim as a
17 result of damage from the water; and

18 (B) does not include a motor vehicle designed for
19 and capable of water submersion for recreational or other purposes
20 unless the submersion results in damage to:

21 (i) electrical safety components; or

22 (ii) a major component part.

23 SECTION 2. Sections 501.097(c) and (c-1), Transportation
24 Code, are amended to read as follows:

1 (c) A [~~printed~~] nonrepairable vehicle title must state on
2 its face that the motor vehicle:

3 (1) may not:

4 (A) be repaired, rebuilt, or reconstructed;

5 (B) be issued a title or registered in this
6 state;

7 (C) be operated on a public highway, in addition
8 to any other requirement of law; and

9 (2) may only be used as a source for used parts or
10 scrap metal.

11 (c-1) The department's titling system must include a remark
12 that clearly identifies the vehicle as a salvage motor vehicle or
13 nonrepairable motor vehicle.

14 SECTION 3. Section 501.1002, Transportation Code, is
15 amended to read as follows:

16 Sec. 501.1002. OWNER-RETAINED VEHICLES. (a) If an
17 insurance company pays a claim on a nonrepairable motor vehicle or
18 salvage motor vehicle and the insurance company does not acquire
19 ownership of the motor vehicle, the insurance company shall:

20 (1) submit to the department, before the 31st day
21 after the date of the payment of the claim, on the form prescribed
22 by the department, a report stating that the insurance company:

23 (A) has paid a claim on the motor vehicle; [~~and~~]

24 (B) has not acquired ownership of the motor
25 vehicle; and

26 (C) has determined that the motor vehicle is a
27 salvage motor vehicle or a nonrepairable motor vehicle; and

1 (2) provide notice to the owner of the motor vehicle
2 of:

3 (A) the report required under Subdivision (1);
4 ~~[and]~~

5 (B) the requirements for operation or transfer of
6 ownership of the motor vehicle under Subsection (b); and

7 (C) the insurance company's determination that
8 the motor vehicle is a salvage motor vehicle or a nonrepairable
9 motor vehicle.

10 (b) The owner of a salvage motor vehicle or nonrepairable
11 motor vehicle may not transfer ownership of the motor vehicle by
12 sale or otherwise unless the department has issued a salvage
13 vehicle title, salvage record of title, nonrepairable vehicle
14 title, or nonrepairable record of title for the motor vehicle or a
15 comparable ownership document has been issued by another state or
16 jurisdiction for the motor vehicle in the name of the owner.

17 (c) Notwithstanding any other provision of this subchapter,
18 on receipt of a report required under Subsection (a) for a vehicle
19 described by that subsection, the department shall issue for the
20 vehicle in the name of the owner, as applicable:

21 (1) a salvage vehicle title or a salvage record of
22 title for a salvage motor vehicle; or

23 (2) a nonrepairable vehicle title or a nonrepairable
24 record of title for a nonrepairable motor vehicle.

25 (d) The department shall collect the fee authorized under
26 this subchapter for the issuance of a title or record of title under
27 Subsection (c). The department shall waive the fee if the report

1 required under Subsection (a)(1) is submitted through the
2 department's titling system.

3 SECTION 4. Subchapter E, Chapter 501, Transportation Code,
4 is amended by adding Section 501.1004 to read as follows:

5 Sec. 501.1004. FLOOD VEHICLES. (a) A salvage vehicle
6 title, salvage record of title, nonrepairable vehicle title, or
7 nonrepairable record of title issued by the department for a flood
8 vehicle or any title or record of title subsequently issued by the
9 department for a flood vehicle must bear a notation that the
10 department considers appropriate for a flood vehicle.

11 (b) An entity that takes possession of a flood vehicle
12 issued ownership documents without the notation required under
13 Subsection (a) shall:

14 (1) submit, on a form prescribed by the department, a
15 report to the department before the 31st day after the date the
16 entity takes possession of the flood vehicle, unless the entity:

17 (A) is an insurance company or salvage pool
18 operator as defined by Section 2302.001, Occupations Code; and

19 (B) obtains an ownership document for the vehicle
20 that bears the notation required by Subsection (a) before the
21 entity transfers the vehicle; and

22 (2) if the entity is a lienholder in possession of the
23 vehicle under Chapter 54, 59, or 70, Property Code, or Chapter 2303,
24 Occupations Code, apply to the department for the appropriate title
25 in accordance with Section 501.097 before offering the vehicle for
26 public sale.

27 SECTION 5. The following provisions are repealed:

1 (1) Section [2302.254\(c\)](#), Occupations Code; and

2 (2) Section [501.09112](#), Transportation Code.

3 SECTION 6. This Act takes effect September 1, 2019.

President of the Senate

Speaker of the House

I certify that H.B. No. 2112 was passed by the House on May 3, 2019, by the following vote: Yeas 137, Nays 3, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 2112 on May 24, 2019, by the following vote: Yeas 138, Nays 2, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 2112 was passed by the Senate, with amendments, on May 22, 2019, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor